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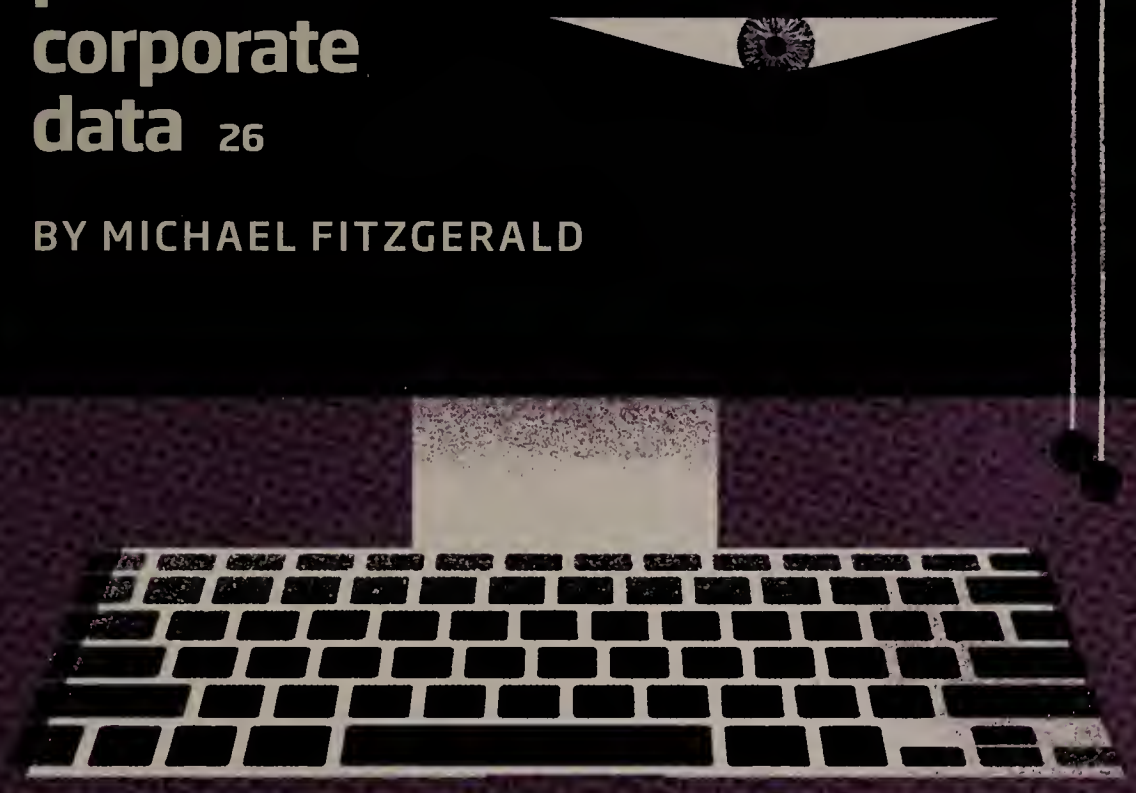
Social media changes the rules about **who controls personal and corporate data** 26

BY MICHAEL FITZGERALD



The Privacy Paradox

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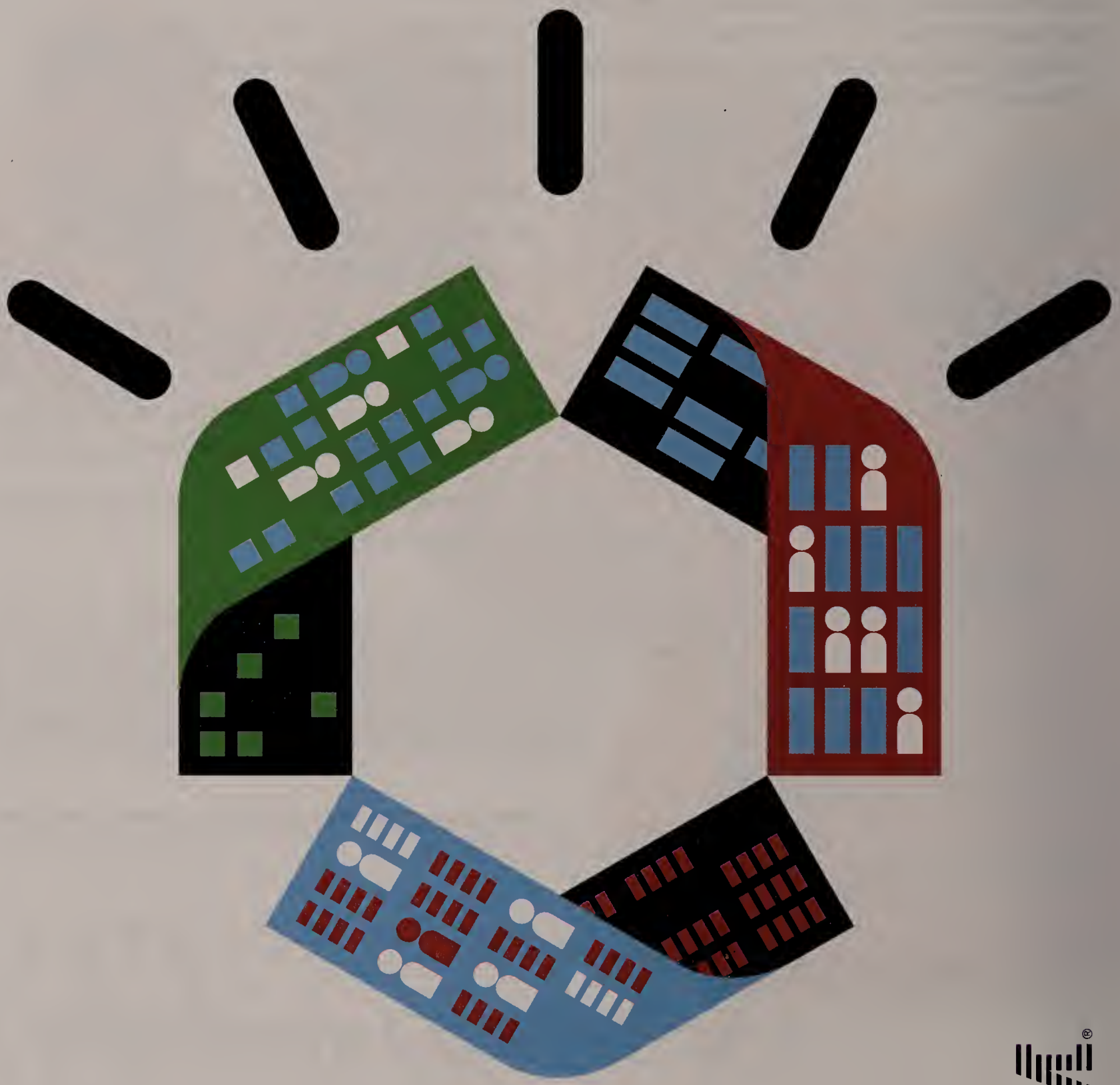

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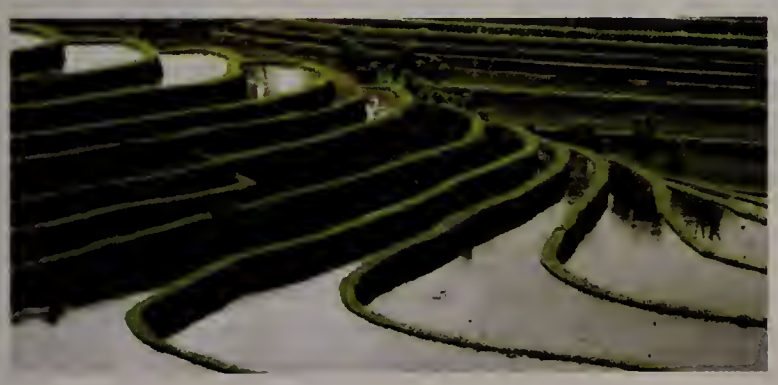

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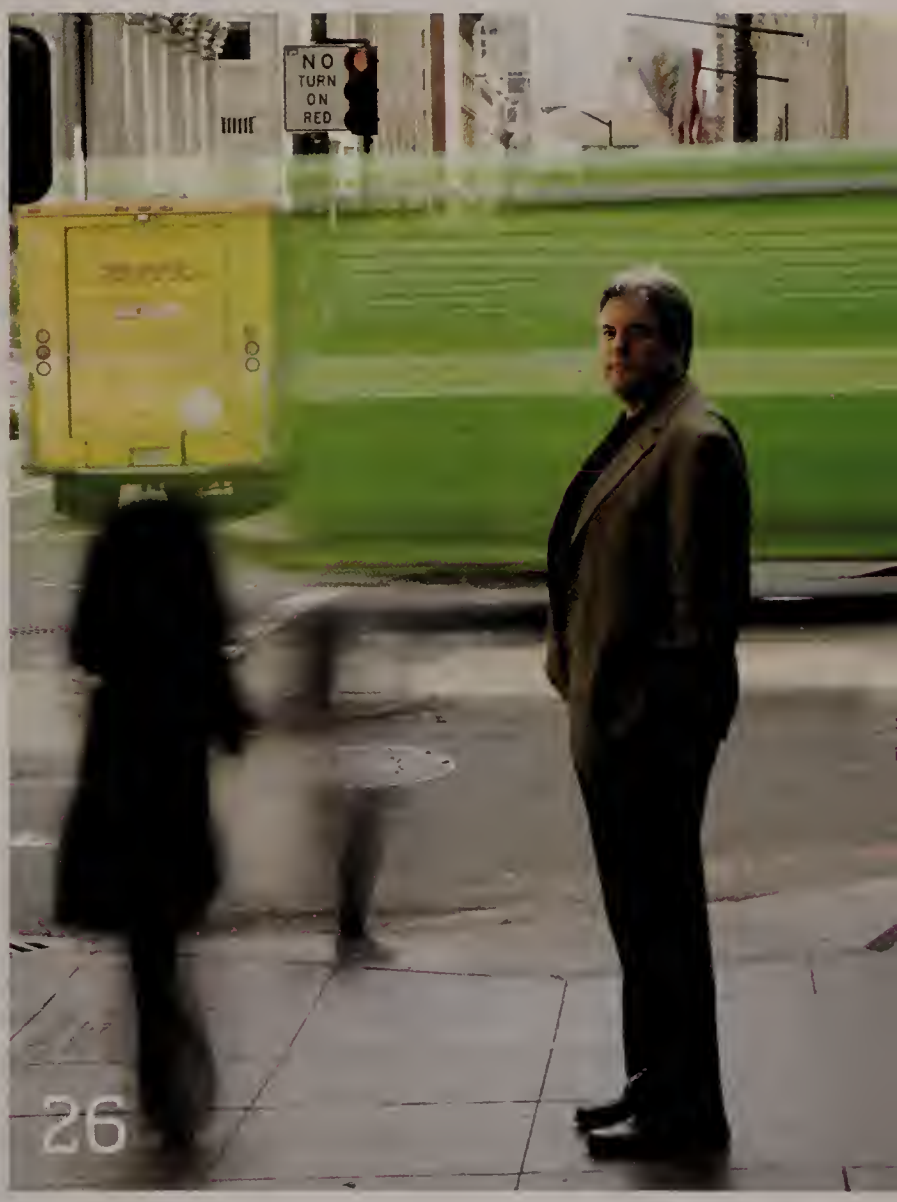
The Privacy Paradox **26**

COVER STORY Social media changes the rules about who controls personal and corporate data.

BY MICHAEL FITZGERALD



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Fenwick & West CTO **Matt Kesner** says Facebook's approach to user-controlled privacy will create expectations about how other companies treat customer data.

COVER ILLUSTRATION BY THE HEADS OF STATE

FROM THE
EDITOR IN CHIEF

Nowhere to Hide

Imagine your cell phone rings. A strange voice from an unrecognized number asks, "What are you doing right now?"

Who is this? "No one you know," says the voice.

What do you want? "To know what you're doing."

Cue the creepy music. Consider calling 9-1-1. This is real life.

It's amazing to think how that same behavior online—a perfectly tame social media exchange—would be vaguely threatening in the physical world. It would feel like a boundary crossed without permission. Like an invasion of your privacy.

As our cover story on "The Privacy Paradox" (Page 26) points out, the long-simmering debate about privacy controls over personal data is bubbling back to life. There is a volatile mix brewing from ubiquitous mobile Internet access, rising social media use, extensive data outsourcing, vague privacy policies, different generational expectations and the looming potential of stricter federal laws protecting consumer information.

So, as much as CIOs would love to avoid getting dragged into this fray, how can the ultimate stewards of corporate data step away?

"CIOs generally don't care about privacy," claims Peter Milla, a former CIO and chief privacy officer at Survey Sampling International. CIOs push the issue off to their security chiefs instead, he says, which may seem like a sensible strategy until the lawyers weigh in.

Attorneys believe privacy concerns should be triggering louder alarms in the CIO's office over everything from customer data theft and trade secret protections to the PR aftermath of employees leaking confidential company information via social media outlets.

"Our job as CIOs is to educate people about how what they're doing today can be searched across the world today or tomorrow," says CTO Matt Kesner of law firm Fenwick & West. He worries that it's a mighty short hop from doing business casually over corporate IM to mistakenly sharing proprietary company data on Twitter.

Indeed, the biggest worry of all will likely come from your company's revenue source: the customers. They want to connect and do business online—flinging around all sorts of private information—while still feeling protected and in control of their own data. The buck for all that will stop right at the CIO's desk.

Is that your cell phone ringing? What are you doing right now?

Maryfran Johnson, Editor in Chief, *CIO* Magazine & Events
mfjohnson@cio.com

CHATTER

Need for Speed

CIO.com contributor Stephanie Overby delves into **speed sourcing–a new approach** for choosing a service provider and **sealing an outsourcing deal in under three months**.

The necessary shortcuts, however, have some commenters wary. "[It] is, quite possibly, one of the scariest concepts I have read this year," writes one. "Unless customers have a painless, no-penalty exit strategy, **I would recommend that they avoid speed sourcing like the plague**."
www.cio.com/article/492917

Can the Spam

If unwanted direct messages promoting products and services have you annoyed, CIO.com Staff Writer C.G. Lynch has **three quick tips for keeping Twitter relevant and keeping spammers and mass-followers out**. Most important: Be wary of those you follow back, he says.
www.cio.com/article/492480

Unsure of who to accept into your social networks? Lynch also advises against **mixing personal contacts with work contacts**. Among the tips: Have a consistent policy for whom you allow to be your Facebook friend or LinkedIn contact, and then communicate it clearly to current and prospective contacts who connect with you.
www.cio.com/article/493176

Avoid Presentation Blunders

From death by bullet points to hands in pockets, **the most common and most lethal presentation mistakes are completely preventable**. Follow this advice from a presentation coach to make sure you don't botch your next one.
www.cio.com/article/493023

CRM Strategies

Conventional wisdom would hold that customer relationship management ▶▶▶

PHOTO BY TIM LLEWELLYN

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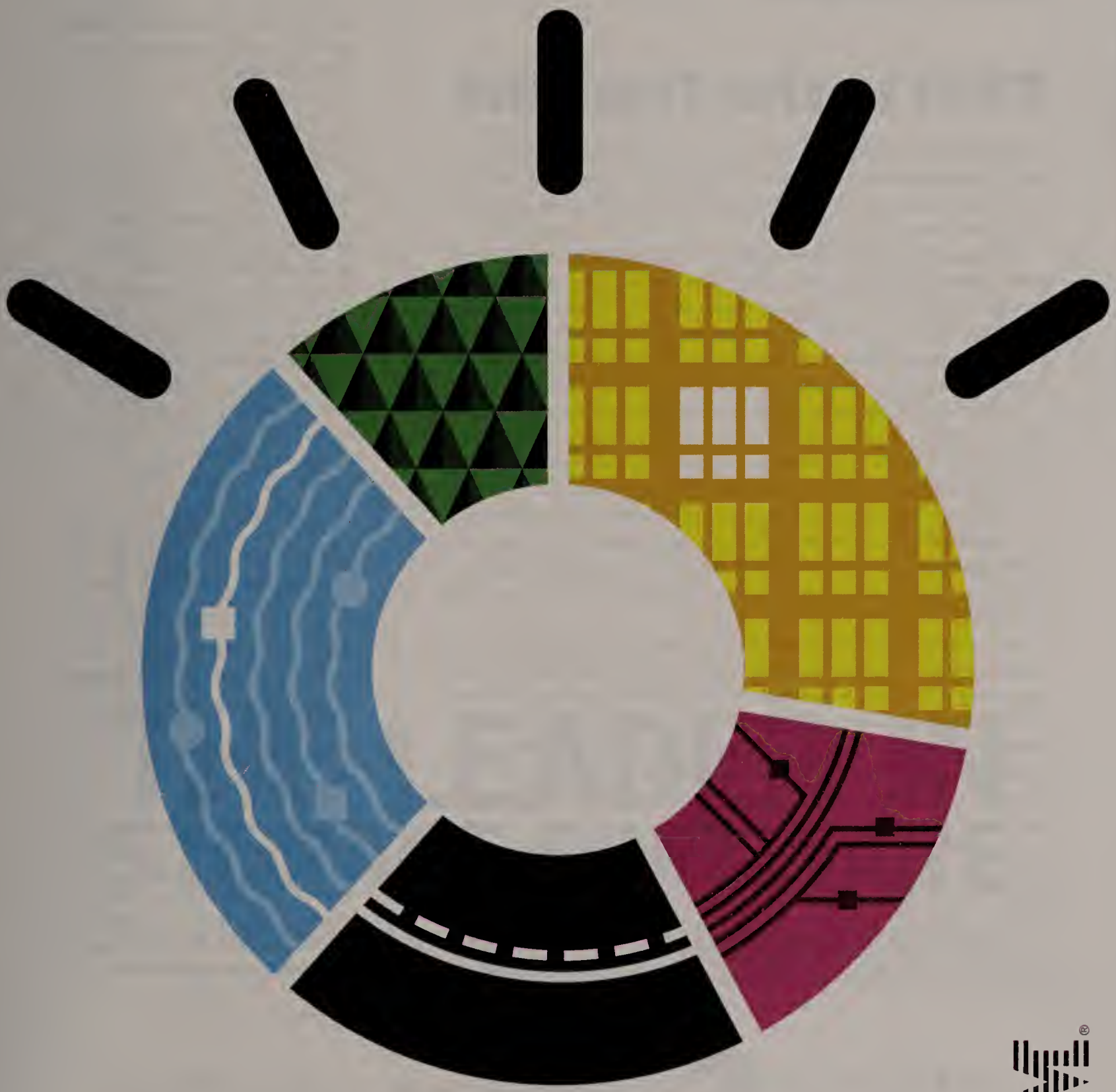

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FROM THE
PUBLISHER EMERITUS

Text to the Top Line

In my latest road speech, "13 Things CIOs Need to Survive This Recession," I make the recommendation to keep your selling shoes on—after all, CEOs are demanding more top-line results from IT investments, according to a recent Forrester Research study.

For over a decade, CIOs have invested in top-line technologies like customer relationship management, enterprise resource planning and content management systems. But my conversations with CIOs and chats with friends and family convince me that enterprises are missing out on an effective technology that is beginning to drive top-line results and improve customer satisfaction levels. And what's this technology? Texting!

Texting, or SMS (for short message service) involves messages of 160 characters or less. Twitter (at 140 characters) is the category's poster child, but texting is so much more than often-aimless "tweets." And it is gaining a foothold as a compelling corporate marketing and sales tool.

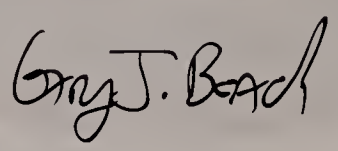
I attended a Wall Street conference where the presenter showed how an SMS strategy at a major drugstore chain drove customer satisfaction up 10 percentage points. The presentation did not detail top-line gains of the SMS strategy, but most would agree that satisfied customers tend to buy more products than unhappy ones.

In the question and answer portion of the presentation, an analyst asked, "Why didn't the company simply leverage an e-mail strategy to inform customers?" The reply: A constantly changing pricing strategy drove the firm to SMS. It reasoned that customers surely could be reached by e-mail, but there were two problems with it: Spam filters screened out many of the messages and many customers were not online all day.

But those customers did have cell phones that they constantly carried with them—cell phones that were on 24/7.

I'm not encouraging you to create a corporate policy for use of texting—it would never work. But I do recommend setting up a meeting with your key sales and marketing colleagues to frame how your company can reach out to customers with a smart strategy.

Another benefit of embracing text messaging at work? Your kids will think you are really cool! And so will your CEO.



Gary Beach, Publisher Emeritus
gbeach@cio.com

▸▸▸ **Chatter** Continued from Page 6

(and associated software) is one area that you shouldn't ignore during tough financial times. Good news—now you don't have to. CIO.com Senior Editor Thomas Wailgum shares **Gartner's five CRM tactics that can generate positive results for budget-conscious companies**.
www.cio.com/article/493404

Work and Marriage

CIO.com Senior Editor Meridith Levinson posed a personal question to the CIO Forum on LinkedIn: "**What do you wish your spouse understood about your job?**" How one psychoanalyst evaluated the responses may surprise you. He says that the **IT leaders' wishes say more about their own foibles** than they do about their spouses' shortcomings. Levinson describes five scenarios and shares how IT leaders can make themselves more understandable.
www.cio.com/article/493408

What's Killing Microsoft

Keith Curtis, an ex-Microsoft programmer and author of *After the Software Wars* has struck a chord with many readers in his Q&A with CIO.com Senior Writer Shane O'Neill. Curtis says that **free software will ultimately lead to Microsoft's demise**. Weigh in on his predictions.
www.cio.com/article/493224

Project Perfect

It's no secret that American businesses haven't been able to figure out how to consistently deliver products and services on time, on budget and with the highest quality. Check out consultant Ron Ponce's **eight project management best practices** to dramatically improve your success rate.
www.cio.com/article/493128

Compiled by Associate Editor Kristin Burnham. Have a comment about a story in this issue of CIO? Go to *www.cio.com/mogozine/061509* or write to *letters@cio.com*.

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news scan

Junk E-Mail on the Rise

Spammers are working a little harder these days, according to Symantec, which reported last month that unsolicited e-mail made up 90.4 percent of messages on corporate networks. That represents a 5.1 percent increase over last month's numbers, but it's nothing out of the ordinary. For years, spam has made up somewhere between 80 percent and 95 percent of all e-mail on the Internet. *IDG News Service*

iVideo on the Next iPhone?

The new iPhone hardware expected to ship this summer from Apple is rumored to have a video chat capability supported by Multimedia Messaging Service.

Whether the iPhone will support video chat or some version of real-time video conferencing was a concern at Apple's Worldwide Developers Conference last year. Some people expressed disappointment that various video features were not included in the iPhone 3G. *Computerworld*

Tech Employment Still Shrinking

The number of IT workers in the U.S. has declined steadily since December, a trend that wasn't helped by Hewlett-Packard's announcement last month that it is cutting 6,000 employees.

According to the TechServe Alliance (formerly the National Association of Computer Consultants), which analyzes federal labor data on IT-related occupations, the American technology workforce peaked last November at 4.1 million. By the end of April, the number had declined to 3.9 million, the alliance said.

IT recruiters are mostly optimistic that the end of the decline is in sight, though most agree that the IT labor force will continue to shrink through the summer, typically a period of slower hiring because of vacations. *InfoWorld*

Russians Spend Big for a Piece of Facebook

A Russian investment firm, Digital Sky Technologies, has invested $200 million in the social networking company Facebook in return for a nearly 2 percent stake, the two companies announced late last month.

The investment values Facebook's preferred stock at $10 billion, a $5 billion drop from October 2007 when Microsoft paid $240 million for a 1.6 percent stake. With the latest round of financing, Facebook has raised about $600 million since it was founded in 2004.

At the time of Microsoft's investment, Facebook's $15 billion valuation drew criticism for being unrealistically high and a sign of a bubble in social network investments. *The New York Times*

Malware Knocks Out U.S. Marshals Network

Last month, malware appeared to cripple Windows-based computer systems at the U.S. Marshals Service, which hunts federal fugitives and operates the country's witness protection program.

The agency's network went offline. It was unclear whether the malware itself was the cause of the network outage or if the agency took down systems to stem the spread of what was believed to be a new version of the Neeris worm.

The agency was running desktop malware software, but it had not been updated for more than three years, despite the agency having paid for upgrades that protect against Neeris. *Network World*

Is India's PC Market Showing Signs of Life?

India's PC market may be on the rebound, research firm IDC India recently reported. Unit shipments rose 7.4 percent in the first quarter of this year from the previous quarter, mainly on stronger buying by the government, education sector and state-owned banks.

"This is small indication that the market has bottomed out," said Kapil Dev Singh, country manager at research firm IDC India.

But units that were shipped in the first quarter were down by 19 percent compared to more than 2 million PCs shipped in the first quarter of last year, suggesting that the Indian PC market has yet to recover fully.

The current year will continue to be challenging, with growth either flat or negative on a year-to-year basis, Singh said. A return to firm growth can be expected only by the third quarter of next year, Singh said. *IDG News Service*

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books, **blogs** and the latest **research** about **IT**, **management** and **leadership**

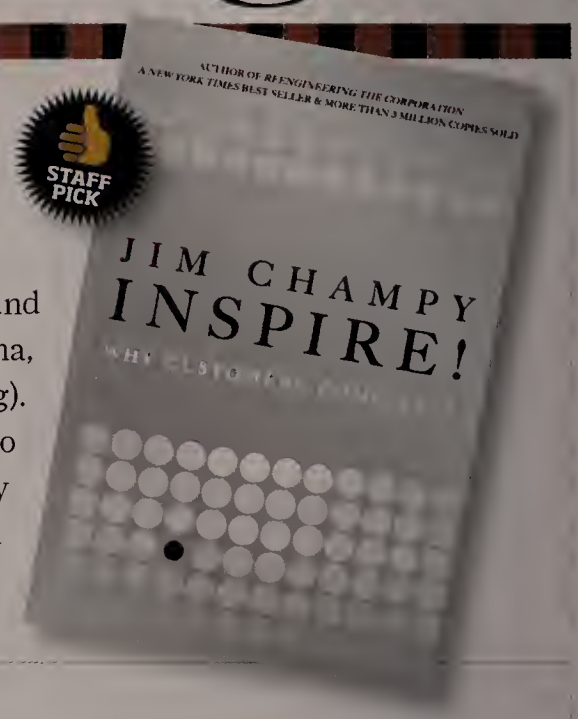
what we're Reading

Inspire!

Why Customers Come Back

By Jim Champy

Champy's new book spotlights several underdog companies that have found success by empathizing with consumers (an exception: shoemaker Puma, which took the more orthodox path of outsourcing and slick marketing). The stories are, indeed, inspiring. Authenticity, heart and the courage to do something new abound. Given the corporate backdrop, though, it's probably most inspiring that someone could find this many companies to feel good about these days. *FT Press, 2009, $22.99*



2010 Federal Budget

REPORT Good reading—wait! Come back. We mean it. See how important tech is to the Obama administration. One tidbit: The Bureau of Economic Analysis is asking for more money for an IT revamp. They need a better handle on how innovation and energy prices impact the gross domestic product. **www.whitehouse.gov/omb/budget/fy2010/assets/crosscutting.pdf**

CTO/CIO Perspectives

Intensely Practical Tips on Information Technology

By Peter Kretzman

BLOG Kretzman, a 25-year IT and online veteran, shares thoughts on focusing product and application development as well as enhancing and maintaining world-class operations. He also points out that many departments survive by hiding inefficiencies, oversights and missed opportunities. **www.peterkretzman.com**

Say Everything

How Blogging Began, What It's Become, and Why It Matters

By Scott Rosenberg

BOOK One of the joys of the Internet boom was reading accounts by insiders who understood what was happening and what it all meant. Blogging isn't the Internet, of course, but Rosenberg lays out how it's changing notions of privacy and democracy. Along the way, we meet Blogger founder Evan Williams (now of Twitter fame), Josh Marshall of Talking Points Memo and other early giants. The news industry thinks it can survive blogging by libeling it, but publishers forget that they stand on the shoulders of men and women—many of them ninnies—whose only license to speak was access to a printing press. This book is the perfect antidote for stubbornly outdated images of blogging. *Random House, 2009, $25.95*

CIO Corner

By John David Son

BLOG John David Son, CIO of the Marshall County School District in Kentucky, shares his implementation stories and integration techniques for K-12 school systems, reviews of new technologies and thoughts on tech initiatives in his district. **cio-corner.blogspot.com**

Candid CIO

By Will Weider

BLOG Candid he may be, but Weider, CIO of Ministry Health Care and Affinity Health System, excels when it comes to understanding core issues often obscured beneath layers of complexity. One post lauds the Certification Commission for Healthcare Information Technology, then filets the nonprofit standard-bearer for health care IT, citing its shortcomings. **www.candidcio.com**

Compiled by Jim Nash. Tell us what you're reading. Go to *advice.cio.com/blogs/the_techie_reading_list* or write to *letters@cio.com*.

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Bagging Customer Loyalty

A supermarket's fresh twist on the frequent shopper card

BY JARINA D'AURIA

Just about everyone has a key chain full of plastic cards for discounts at various stores. The traditional loyalty offerings from many retailers involve collecting lots of customer data, but companies—particularly grocery stores—often do a poor job of analyzing it, says Forrester principal analyst Lisa Bradner.

However, some grocers are slightly ahead of the game, Bradner says, by offering coupons or other savings based on what a specific consumer buys. Along these lines, CIO Harrison Lewis of supermarket chain Haggen created a loyalty program that goes beyond what most grocery stores offer.

"If it exists today, we aren't thinking big enough," Lewis says about ways to engage with his customers. "It's more about using the data to build relationships with the customer than for discounts."

Last September, Haggen, an $800 million supermarket chain based in Bellingham, Wash., launched its Top Connection program to improve customers' shopping experience by giving ▸▸▸

ILLUSTRATON BY TERRI HAAS

⬆4.4% Projected online retail sales this year Citi Investment Research ····· **6.5% Unsettled consumer credit card loans, Q1** The Federal Reserve ····· **⬆1.1% Projected increase in unemployment by next year** Congressional Budget Office

▸▸▸ **Loyalty** Continued from Page 15

them access to their own purchase information along with cash-back incentives. "We wanted to redefine the game because we believe this is a competitive advantage for us and we wanted things that really would benefit our guests," Lewis says. By creating an experience different and easier than that of other supermarkets, Lewis believes customers will bring in more business for the company.

Money Talks

Haggen launched the RFID-enabled program at four Washington state locations, with the intent to roll out to its remaining 13 locations this July.

Top Connection puts customer data online, where shoppers can create lists based on their purchase history, find sale items and read about products similar to ones they usually buy. After a few months, about 60 percent of Haggen's customers had signed up for the program.

"We wanted to redefine the game."

-Harrison Lewis, CIO, Haggen

Most supermarket loyalty programs require that customers scan a plastic card to get discounts at the register. Haggen's token—a 1.5 inch square available in a choice of four colors—instead keeps track of what shoppers buy. If a product goes on sale within a week, Haggen refunds the difference to the shopper's "electronic wallet," along with a 1 percent reward. The money held in the electronic wallet can be used for future shopping trips.

Giving customers money back is not an option available at most supermarkets, says Forrester's Bradner. The closest example is a partnership with credit card issuers—for example, when you use a Costco American Express card you can get cash back for future Costco purchases. But it's something that's important to consumers. A recent Forrester report found that 58 percent of shoppers are interested in joining loyalty programs if they can earn value to use toward future purchases.

Members of the Haggen staff took the time to hear the opinions of customers before implementing the program by holding a panel to discuss their preferences about supermarket shopping. "We wanted [the program] to make the experience easier for them to shop in our stores," says Lewis. "We respect our guests and their time."

Jarina D'Auria is a freelance writer based in Massachusetts.

crunch

Getting More from Customers

At companies with the most advanced loyalty programs, shoppers increase their spending at higher rates

Average yearly change in size of customer shopping baskets

Program performance	Increase/ decrease
Best	19%
Average	4%
Laggards	-2%

SOURCE: ABERDEEN GROUP

E-Commerce Squeeze Play

IT budgets may be shrinking by almost 25 percent, but IT e-commerce organizations are still expected to up the ante for their companies' customers.

Why? According to Gene Alvarez, Gartner's vice president of e-commerce and CRM research, sites like Amazon and eBay have continued to raise the bar in terms of their online experience, despite the economy.

"Whether in business-to-consumer or business-to-business e-commerce, as customers are exposed to new capabilities, they expect those at other sites," he says.

In order to meet expectations with depleted resources, e-commerce units should avoid developing apps for basic functions that can be implemented at a lower cost through off-the-shelf software. Instead, focus on building made-to-measure applications that will give the company a competitive edge. According to Alvarez, having developers support commodity capabilities is a waste of money.

Gartner says further cost reductions can be found by maximizing the use of in-house tech tools. And when at the negotiation table with e-commerce software vendors, aim to lower license fees by at least 20 percent.

-Juan Carlos Pérez

↓8% Home video sales in 2009 Adams Media Research • **20% Households opting out of landlines, July-December 2008** National Center for Health Statistics • **↓$3.1 billion Yearly U.S. exports in March** BEA

Protecting the Hyper-Extended Enterprise

Businesses must rethink security strategies given next-generation communications tools.

Companies are using new technologies like cloud computing, virtualization, and mobilization to improve operations, reach new markets and reduce costs. As a result, they are exchanging growing amounts of information with more constituencies than ever before. These "hyper-extended enterprises" use new web and communications tools for internal innovation and to integrate customers, partners, suppliers and other third parties into their organizations—but are so eager to leverage these technologies that they may fail to protect the very data they depend on.

"When companies do a cost-value analysis of these technologies, they assume their ability to cut costs is reason enough to adopt them," says Roland Cloutier, vice president and chief security officer at EMC Corp. of Hopkinton, Mass. "They don't necessarily understand that the data involved may be…valuable as intellectual property."

A recent IDG Research Services survey reveals that companies have done far less than they should to assess and mitigate the security risks of these new technologies. However, the survey also provides tactics for improving enterprise security to allow data to be shared widely while still protecting its integrity, confidentiality and accessibility.

LEAPING BEFORE THEY LOOK

The survey finds many companies are so excited by the potential of the hyper-extended enterprise that they are adopting new technologies without ensuring the security of critical processes and data. In one telling example, almost half (47%) the respondents have already moved at least some departmental or enterprise-wide applications or processes to the cloud, or plan to do so in the next 12 months. Of this group, 70% said they feel "very confident" or "somewhat confident" of their readiness from a security perspective for widespread adoption of enterprise cloud computing. Yet only 17% have a cloud computing security strategy in place.

This disconnect holds true across multiple tools and technologies, from social networking to virtual desktops. Only 43% of survey respondents say their IT security team works with business in all cases to develop a risk assessment and mediation process, and some admit their organization is adopting technologies without involving or even informing the security team.

"Choosing not to worry about anything beyond the internal IT environment is taking on a huge level of risk," Cloutier says. "Business needs to define its expectations of security, service levels, and so forth, and ask both internal IT and external service providers about them."

SECURITY AND THE HYPER-EXTENDED ENTERPRISE

Respondents overwhelmingly say they must improve their approach to enterprise security strategy to accommodate the dissolving boundaries around organizations and their data assets.

The most critical strategies to adopt today are:

1. Focusing on protecting enterprise data itself, rather than the device or server containing it, before adopting any new technology.

2. Developing acceptable use policies for any technology employees are allowed to control or customize—especially social networking—to ensure companies retain control over how, where and by whom data is accessible.

3. Providing user education and training for employees, vendors and partners to reinforce the importance of data security and the best practices necessary to protect it.

Because 71% of respondents report having experienced a security issue in the last 18 months, these steps could be considered an emergency response. Respondents also agree it is important to increase cross-industry and cross-organization collaboration among enterprise security professionals and to find the right balance between distributed and centralized information security services.

For more details on the survey, go to **www.cio.com/whitepapers/RSA** and download the white paper "As Hyper-Extended Enterprises Grow, So Do Security Risks".

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Having an Impact on the Bottom Line

The Value of PCs with Intel® vPro™ Technology

Diane M. Bryant, VICE PRESIDENT AND CIO, INTEL CORPORATION

Diane is responsible for Intel's Information Technology organization, which delivers strategic value by providing professional support, applications and solutions that enable Intel's growth and transformation.

For most organizations, the cost of purchasing and managing employee PCs is a significant percentage of the IT budget. This is true for Intel, which is continually looking for ways to maximize the value of its PC infrastructure while reducing costs and risks. Here, Diane offers a CIO's perspective on how the company uses Intel® vPro™ technology to reduce costs, improve ROI and address the key challenges Intel is facing with maintaining, managing, and securing its notebooks and desktops.

Intel® vPro™ technology addresses three challenging IT areas: management, security and power consumption. How does this work?

Intel vPro technology enables our service desk to securely access and manage our PC fleet remotely, even when a desktop or notebook PC's operating system is unresponsive, a software agent is missing or a hard drive has failed. Prior to Intel vPro technology, many of these problems resulted in employees having to bring their PCs to one of our local service centers, impacting the employees' productivity and costing IT more to service the PCs.

The technology also provides hardware-assisted remote shutdown and wake-up. While most of our workforce is using Intel vPro technology in notebook PCs, we still have desktop PCs in our labs and engineering groups. In the past, we kept desktop PCs on overnight so that we could patch them while users were not working. With Intel vPro technology, we can shut off PCs overnight and securely wake and patch them during off hours. We found, for example, by shutting off the PCs in our training rooms for about 12 hours a day, we've been able to achieve approximately 35 to 45 percent reductions in energy costs*.

There are significant cost savings to be gained by activating Intel vPro technology. Could you give a few examples?

To date, Intel has deployed more than 43,000 systems with Intel vPro technology, and activated more than 40,000 of them. We estimate it will save us more than $1 million per year once all of our PCs are based on Intel vPro technology*. Much of the savings can be attributed to remote diagnosis with either remote or local repair.

In addition, we are always looking at technologies that protect the IT environment and help prevent virus and malware compromise. Therefore, we will be using PCs with Intel vPro technology to automatically quarantine infected or noncompliant PC systems from having full access to the network. After quarantine, we use Intel vPro technology to remotely repair the PC using a secure hardware-based connection that operates independently of the PC's operating system. Once repaired and returned to full compliance, the PC is given full access to the network.

We will also use Intel vPro technology's hardware-based, agent presence checking. The PC's hardware can verify if important security software—such as an anti-virus agent—is running on the PC. If the PC detects that the software agents have been removed, we are alerted of the compromise and can remotely resolve the issue.

When you talk to other CIOs, how do you describe Intel vPro technology?

From an IT perspective, Intel vPro technology is best viewed not as a technology, but as a capability to improve PC manageability and security, reduce costs and increase end-user productivity. An IT organization should look to Intel vPro technology-based PCs as a requirement for their standard PC refresh, activating the technology as new machines are deployed. Then, focus on areas that provide significant return on investment.

At Intel we started with three key use cases that were all related to improving our success rate for down-the-wire configuration, diagnostics and repair. This approach delivered cost savings while laying a foundation for moving forward as we implement Intel vPro technology across a broader range of PC management challenges.

FOR MORE INFORMATION:
Hear more of the Intel vPro technology discussion with Diane Bryant and Intel's customers at **www.cio.com/webcasts/IntelvPro.**

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* "Implementing Intel® vPro™ Technology to Drive Down Client Management Costs." http://communities.intel.com/docs/DOC-2402

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Centrally power down all your office PCs at night with Intel vPro technology and start seeing ROI right away. Learn how much other companies have saved and attend a free webinar at **intel.com/go/vProROInow.**

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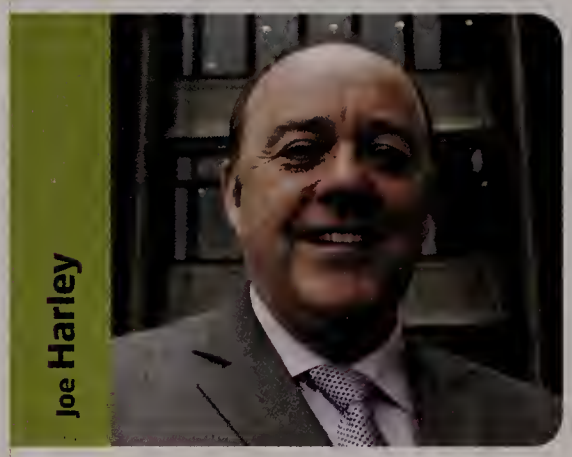
Technology for the People

At the U.K. Department for Work and Pensions, IT Director General and CIO Joe Harley is building a single view of citizen information to deliver social services

CHARLIE FELD: Your department is bringing a 21st century, customer-focused model to serve the citizens. What was the impetus for this change?

JOE HARLEY: We tend to deal with some of the less fortunate in society: people who have lost their jobs and are looking for work, disabled people who need support, older people and children. These customers deserve good government service. We adopted a position that there is no wrong door for the citizen. They won't be told, 'That's not our department's business, go somewhere else.'



Joe Harley

It is a big challenge to do that because we have to have a single view of the customer's information, regardless of the channel in which the customer interacts with us. It could be an online channel, a telephone call, it could be face-to-face at one of our offices.

That seems like common sense but extremely difficult to justify and execute. How have you approached the business case?

We had to streamline the organization and take out real costs. That is still a work in progress. Over the last three years, we have taken 30,000 jobs out of the system and saved £1 billion (about $1.6 billion) including a 30 percent cost reduction from IT. Much of our cost reduction is driven by our citizens' desire to use the Web for more and more self-service.

What have the changes meant so far to U.K. citizens?

Before our modernization, if someone wanted to apply for a state pension, they would need to fill in a 20 to 30 page form and it would take 60 days to process. With the online systems we have, we can do a pension claim in 20 minutes. A pensioner can call our contact center, speak to one of our agents trained in the pension reform and get it done. We now exploit information already held in other databases and have redesigned our CRM systems for our agents and customers.

Another example is a national service for people who are looking for work. As part of our Jobcentre Plus offering, employers let us know about job vacancies so that we can put them into our massive database. These jobs are uploaded to the Internet. The citizen can access all those vacancies and learn how to apply for them.

How is the department responding to the economic downturn?

The daily pressures on the department are quite intense these days. Had we not invested in all of these systems, we would have found it very difficult to deal with the recession in the way that we are doing at the moment.

Now that you have built the base infrastructure and began to get the data organized, where do you go next?

My aspiration is to deliver new products, applications, systems, in months rather than years. That is the big challenge here, to respond to our government's needs. We have a pilot program running right now called "Tell Us Once." For example, if somebody dies in your family, you have to contact the government. The number of contacts that could involve you is up to 40—and practically the same data. We want to turn that around so we will handle the complexities of government for our customers.

A member of the CIO Hall of Fame, Charlie Feld retired from EDS in 2008. Read the full article, including a discussion of the U.K. Department of Work and Pension's infrastructure modernization at *www.cio.com/article/493811*.

Business Process Automation

Bringing Communications In, Driving Latency and Errors out

Business process automation (BPA) has been top of mind for years, but is it still a priority in today's economy? Eighty-seven percent of CIOs and IT leaders say that it is, according to a recent survey by IDG Research Services, in conjunction with *CIO* magazine.

"In this challenging economy, IT and business leaders recognize the operational cost savings and inherent value of process automation," says Joseph Staples, senior vice president of worldwide marketing at Indianapolis, Ind.-based Interactive Intelligence, a provider of business communications software and services.

Today, the stark reality is that many critical processes remain manual, siloed and aided only by simple enhancement mechanisms like email—an approach that lends to lackluster results. Automation, traditionally riddled with high costs and complexity, hasn't proven a walk in the park, though; this explains why less than a quarter of these IT and business professionals have automated all their processes under centralized governance.

Still, the desire is there and the potential value is recognized. Of those surveyed, 88 percent say that automation's greatest ROI comes from minimizing latency and human error. And in business terms, that translates into competitive advantage and cost savings.

RAISING THE BAR ON AUTOMATION

Perhaps most telling, the research reveals that leveraging communication technology as the basis for process automation is the best way to solidify those benefits. An astounding 87 percent of IT and business professionals say they see communication technology being incorporated into, or used to automate business processes.

"Many business processes are people-oriented," says Staples. "So it's logical to approach those processes from a communications standpoint. But companies shouldn't limit the scope to simply incorporating communications capabilities, such as email notification, into existing processes. That falls well short of the potential. It's the actual automation of key business processes that ultimately drives out latency and errors, thus getting to the core of IT concerns."

The most ROI-rich approach can be found in communications-based process automation (CBPA), which utilizes proven communication technology to automate manual, people-centric processes. "With CBPA all the know-how used for communication events can be applied to process workflow," says Staples; examples of this are queuing, routing, reporting, recording and presence capabilities.

The majority of those surveyed see substantial value in that, strongly agreeing that CBPA can reduce latency and human error for stronger ROI.

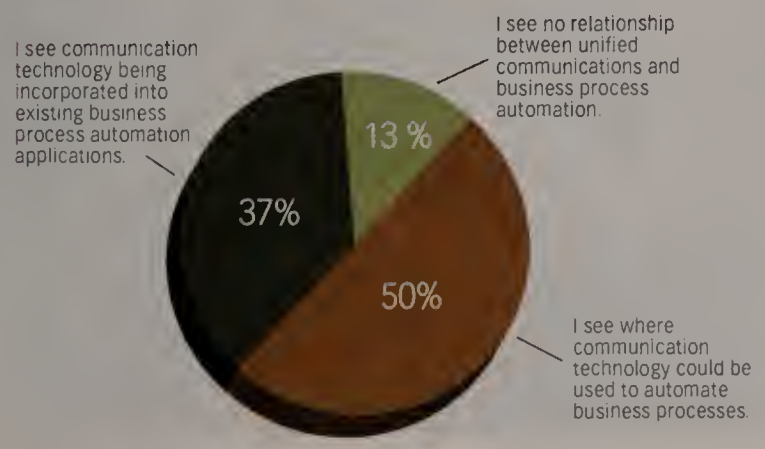
GETTING ON THE CBPA BANDWAGON

When considering CBPA, find a solution that's built from the ground up with unified communications at the core.

"If you've got people-oriented business processes, there is tremendous value in selecting a vendor with a communications background and the technology to bring that element into process automation," Staples says.

For further results and insight into this IDG Research Services survey, visit **www.cio.com/whitepapers/ININ_BPA** and download the free white paper "Automating for Efficiency."

The Connection Between BPA and UC



SOURCE: IDG Research Services, April 2009

INTERACTIVE INTELLIGENCE

CIO Custom Solutions Group

Building IT's Financial Muscle

Health insurer bulks up tools and talent **BY KIM S. NASH**

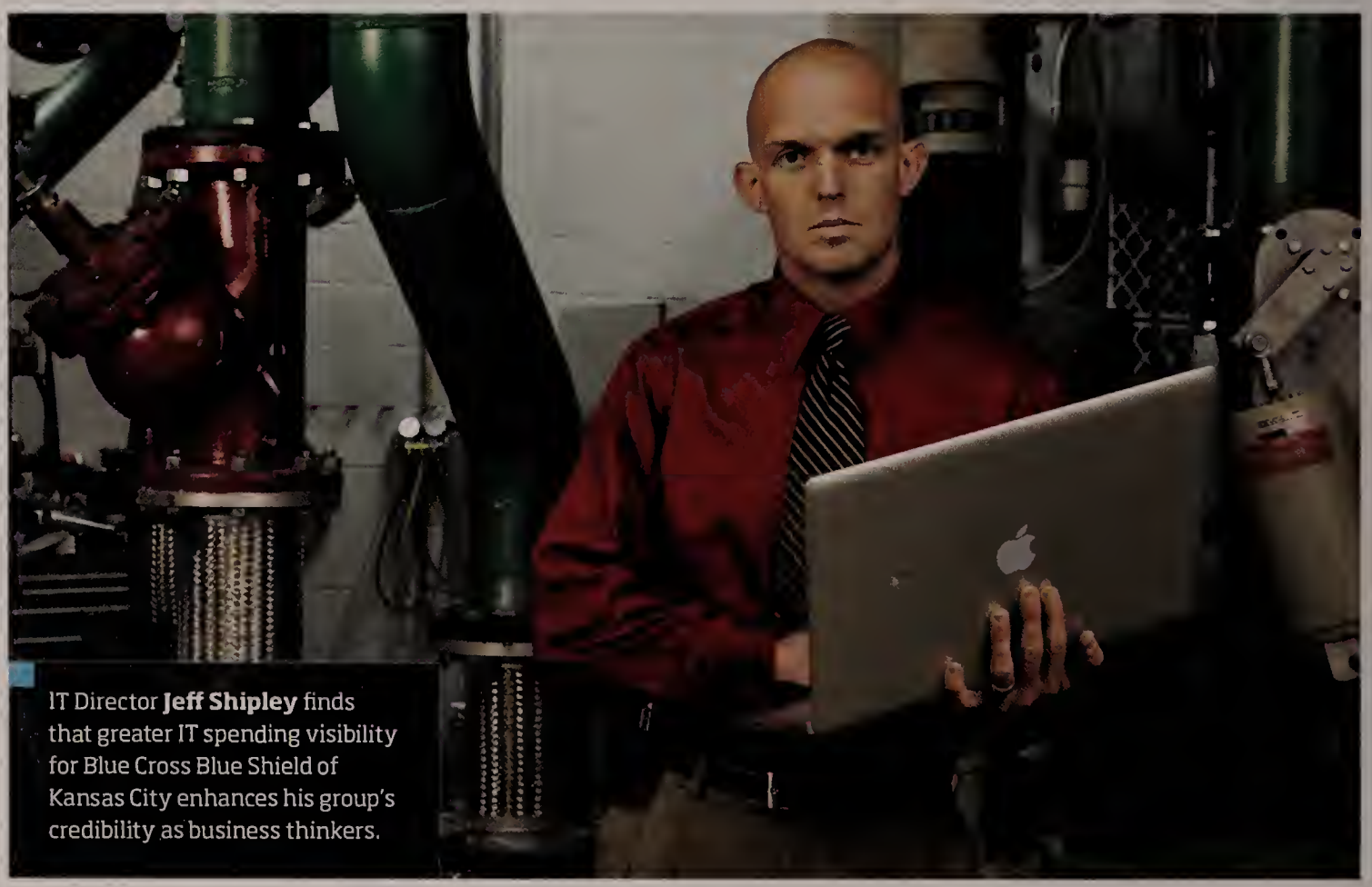
Many employees don't understand all the business events that drive internal IT consumption and determine the cost of providing technology. But if you don't know what moves the needle on IT, you can't make defensible decisions about how to improve those numbers.

"Part of our survival as IT professionals is to really understand what we do efficiently. The stuff we don't—let it go to outsourcers or the cloud or wherever else that makes good sense," says Jeff Shipley, director of IT infrastructure and operations at Blue Cross Blue Shield of Kansas City.

Some drivers are obvious. Retailers, for example see the seasonality of holiday shopping produce spikes in IT usage in their stores and data centers.

In health care operations like Shipley's, membership renewal rates and customer satisfaction are the challenges all year long, he says.

That's in good times. Now with the chaotic economy throwing people out of work and off ▸▸▸



IT Director **Jeff Shipley** finds that greater IT spending visibility for Blue Cross Blue Shield of Kansas City enhances his group's credibility as business thinkers.

PHOTO BY NICK VEDROS

medical benefits, plus the dramatic changes expected in the healthcare industry under the Obama administration, those concerns are bearing down on IT, Shipley says. "If you don't bring some visibility to where those dollars are going, you're going to have some real issues."

To get a handle on what IT truly costs at Blue Cross Blue Shield, Shipley is applying both software and people power. Last year, the healthcare provider hired a financial analyst dedicated to IT and started using software and services from Apptio in Bellevue, Wash., to help determine costs.

In a software-as-a-service agreement, Blue Cross sends Apptio IT spend information—hardware, software licenses and overhead charges, as well as labor charges. Apptio runs the information through its analysis tools to produce charts showing estimated IT costs by application and over time.

Blue Cross is early in its implementation, however this data has already been used to categorize and present a breakdown of what is driving IT infrastructure costs by business unit. This lets managers make better IT investments, Shipley says. The reports are clickable, so he can drill down to see what's behind each number, from server costs and memory requirements to other measures.

For about $2,000 per month, Blue Cross gets access to the massaged data and Apptio tools to do its own further analysis. Apptio also provides aggregated data about various industries, which Shipley uses to benchmark his operations.

"Until we understand what we do efficiently, we're under the threat of being outsourced at all times," he says.

On the people side, Shipley hired a financial analyst fresh out of college to help make sense of all this new analysis. Blue Cross wanted someone with no significant healthcare or IT experience because an objective, fresh measure of IT costs "is an area of untapped potential," he notes. "Innovation is a must. We felt that a young, unadulterated financial mind is not burdened by the baggage of the way we used to do things."

The first order of business will be to build a dashboard in the next few months to let non-IT executives learn more details about the company's technology spending and the impact of various business initiatives.

Placing a financial expert in IT improves IT's credibility, says David Ackerman, IT advisory practice leader at the Hackett Group. "There's no doubt that helps."

Shipley had to leap through a few hoops to get financial expertise into this staff. He couldn't add a full-time position to his staff, so he rearranged some people and shifted resources. "We took on a little extra burden on the technical side to do this," he says. "I feel like it's that important."

Senior Editor Kim S. Nash can be reached at *knash@cio.com*. Follow her on Twitter: *www.twitter.com/knash99*.

ERP SOFTWARE

5 Things You Need to Know

by Thomas Wailgum

1

ERP may be linked with complexity, high cost and 18-month rollouts, but enterprises today have many alternatives to behemoths SAP and Oracle. On-demand and software-as-a-service (SaaS) vendors offer robust ERP product sets, and open-source apps can be bought via Amazon.com's EC2 platform. Ray Wang, vice president and principal analyst with Forrester Research, says users have turned to SaaS for innovative functionality, as well as lower costs.

2

Midmarket and Fortune 500 companies can use SaaS ERP. Chiquita Brands is rolling out a SaaS ERP application to 70 countries on six continents to manage its 23,000 workers. Last year, CIO Manjit Singh deployed software from Workday to 5,000 U.S. employees and 500 managers in 42 countries, with implementation continuing through 2010. One challenge: accessing the application in remote areas of the world where bandwidth is expensive and in short supply.

3

If you're trying to decide the right time to purchase and roll out ERP, keep in mind that major revamps from Oracle and SAP are due next year. Oracle's long-awaited (and already delayed) Fusion Applications Suite reportedly will emerge in 2010. SAP's Business Suite 7, announced in February, should be ready for prime-time use early next year. Analysts say each vendor hopes that its new offering will grab marketshare and customers from the other.

4

ERP maintenance fees are not decreasing, even though customers are recession-strapped. Oracle recently affirmed that it has no intention of messing with its maintenance fee "cash cow"–that highly lucrative, annual revenue stream paid by customers for "software license and product support" that delivers 90 percent margins. And in January, SAP launched a new program to gradually increase its maintenance fees.

5

ERP projects can still fail. History overflows with ERP disasters, but all the lessons learned from troubled deployments won't save every project. Two recent cases provide plenty of angst: Waste Management is currently embroiled in a nasty $100 million lawsuit with SAP over a failed implementation, and Select Comfort decided (with shareholder pressure) to halt its $20 million, multimodule ERP project.

Defending Efficiency

The Marine Corps makes better use of contractors who help manage IT

BY JARINA D'AURIA

Managers for the Marine Corps Headquarters Command, Control, Communication and Computers (C4) office weren't sure they were getting the most out of the money they were spending on contractors. The group, which oversees IT for the Marine Corps, needed a performance measurement system, recounts Col. Ronald Zich. In 2006, C4 adopted Earned Value Management (EVM), a project management methodology that maps spending to performance.

A lack of visibility into tasks and projects left C4 leaders wondering how their money was being spent. Action officers—those in charge of projects—weren't always able to see how their projects fit into the bigger picture. And they didn't always have detailed performance data for these projects, which include IT policies and strategic planning documents. "It was a level of effort environment where we weren't held to anything firm. It was more like whatever came down was the priority at the moment," says Alan Lemburg, the EVM project leader.

The team chose EVM after conducting research along with its primary vendor, Booz Allen Hamilton. Before EVM, an action officer would assign work to a contractor without knowing if he was the best person for the job or what the outcome would be, says Lemburg. Now the action officer defines the time, work, staff and products needed up front, so the entire team can be sure the project is needed and the end results will be of the best quality. Planning ahead in an objective way allows C4 to ensure each project makes the best use of funds and that it fits into the overall strategy. "Every year we look at what work we need done that is going to fit into our longer-range strategies," says Zich, the executive assistant to the C4 commander.

A year after implementing EVM, Zich and his team measured the improvements. Before, contractors were dedicated to specific projects only 30 percent of the time; otherwise, they were often pulled from assigned tasks to other projects in an ad hoc way. By 2007, dedicated project assignments rose to 63 percent and then to 92 percent currently.

Project time lines have decreased from several months to less than one month, which means contractors are available to work on more projects, Zich says. And with detailed accounts of the work performed, its cost and timeliness, action officers can easily shift resources when needed.

When changing the workflow of an entire organization, the main challenge becomes getting everyone used to the change, says Lemburg. For action offers that were used to making daily assignments, "convincing [them] that their work needed to be measured to prove that the money being spent is resulting in a product was difficult," he says.

how it adds up

Command, Control, Communications and Computers (C4) Headquarters Marine Corps

Washington, D.C.
C4 oversees information technology for the U.S. Marine Corps.

How C4 Saved: By using an earned value management (EVM) system to define project goals, C4 saved $500,000 over two years while significantly increasing the quality of their products and their efficiency.
Tools Used: Deltek Cobra software for calculating project data, Microsoft Project for scheduling.
Time Frame: C4 identified the need for a better way to manage their contractors, performance and resources in 2004. The organization began implementing its EVM system in 2006. The rollout took two years.

1

NEVER STOP IMPROVING
Even though the project has been fully rolled out, the team still makes adjustments to better use the EVM system, says Col. Ronald Zich. They are working on defining the best ratio of planned to ad hoc assignments, taking into account flexibility to respond to unforeseen needs. Organizations typically target a rate of 85 percent for dedicated assignments, compared to C4's 92 percent.

2

ALL OR NOTHING
An EVM initiative must be led from the top down or it won't succeed, says Zich. At C4, all the division leaders, high ranking officers and executive leaders could see the benefits EVM would bring and jumped on board, so the implementation went well. "If you have resistance from any of your leaders, it just doesn't work," he says.

Global Accounting Rule Shift

CIOs should plan now for the proposed switch to International Financial Reporting Standards

BY CHRIS FEENSTRA

Your CFO is already buzzing about the coming move toward International Financial Reporting Standards (IFRS). Are you?

If not, you should be. IFRS is a global set of accounting standards that will add to the transparency of information for investors, make it easier to understand financial statements and help companies make efficient investment decisions. It will undoubtedly have a far-reaching effect on the IT department and its systems.

The U.S. Securities and Exchange Commission (SEC) expects to decide whether to adopt IFRS in 2011. Yet in its IFRS road map, the conversion won't take effect until 2014. So what's the hurry? While conversion seems far off, the SEC is proposing to require U.S. companies to provide three years of financial reporting in the year of IFRS adoption. So a U.S. company with an IFRS reporting date of December 31, 2014, must provide financial statements for 2012, 2013 and 2014.

To meet this goal, CIOs must plan now for changes in applications, reports, data and IT infrastructure that will be necessary for conversion from U.S. Generally Accepted Accounting Principals (GAAP) to IFRS, including the ability to support parallel accounting and multiple ledgers.

As a first step, CIOs can start mitigating the impact of the conversion by carefully considering how to consolidate existing or planned initiatives with IFRS. Companies already in the midst of or considering business or technology transformation projects such as financial services transformations, ERP implementations or additional upgrades (for reasons other than IFRS adoption) could benefit significantly by consolidating these undertakings with an IFRS initiative.

IT management must be at the table during project planning to bring the necessary insight into technology requirements and capabilities, as well as implications of IT decisions. The costs of IFRS adoption will depend on these choices. IT can also bring vital project management discipline and valuable recommendations, while heading off ideas that are not feasible or practical from an IT perspective.

The proposed changeover to IFRS presents IT and the CIO with the opportunity for greater visibility and enterprisewide collaboration. But it's up to you as CIO to seize the opportunity to get ahead of this change.

Chris Feenstra is a principal in the Information Technology Advisory Services group at Ernst & Young.

Obama's "Tax on Outsourcing"

President Obama's proposed plan to close overseas business tax loopholes appears to take direct aim at Indian offshore outsourcing firms. But misconceptions abound as to what the White House's proposal really means for IT vendors.

When the President said he plans to end tax breaks for companies that "ship jobs overseas," was he talking about companies with captive offshore operations or those that outsource to third-parties based overseas, or both?

Obama's plan actually addresses only those U.S. companies who operate subsidiaries overseas (the captive centers). It would also affect a good number of nonvendor, Fortune 500 companies that maintain a presence abroad and provide their parent companies with IT services. Obama's proposal would not impact U.S. companies who "ship jobs overseas" by hiring an offshore company.

According to Lee Ann Moore, chief marketing officer for outsourcing consultancy EquaTerra, U.S.-based outsourcing providers have the most at risk. "It will presumably make it more expensive for all American multinationals to operate on foreign soil."

And the proposed tax changes do not assume job creation in the States. In fact, some experts say if the U.S. government does seek more tax revenue from U.S. multinationals, the outcome could be more offshoring, not less, as those corporations use labor arbitrage to offset the bigger tax bill. IT trade group Tech America warns it could inadvertently encourage technology companies to relocate entirely overseas.

Any significant change in U.S. international tax policy is not a foregone conclusion. "It would be viewed as protectionist and would trigger a wave of retaliatory legislation," says Daniel Masur of the law firm Mayer Brown.

-Stephanie Overby

they said it "I will set big goals for this country as President—some so large that the technology to reach them does not yet exist."

-President Barack Obama, October 2007 stump speech

The Privacy Paradox

Social media changes the rules about who controls personal and corporate data

BY MICHAEL FITZGERALD

CIOs think about privacy the way some people think about exercise: with a sigh and a sense of impending pain. Outside of regulated industries like health care—where patient privacy is paramount—privacy affects CIOs as a corollary of security when, say, a laptop holding millions of people's records is lost or hackers siphon off customer data.

"CIOs generally don't care about privacy," says Peter Milla, former CIO and chief privacy officer at Survey Sampling International (SSI). Milla says most CIOs either focus on technology, or regard privacy as outside their domain, the province of a chief privacy or chief security officer. He finds both attitudes wrongheaded. CIOs, Milla says, should "want to be ahead of the curve" on privacy.

The reasons, Milla adds, will become more obvious as business goes increasingly digital. Web 2.0 applications connect like Legos, creating opportunities for companies to gather incredible amounts of data. On social networks and blogs, people post vast amounts of information about themselves. Marketers, meanwhile, are developing ever-better tools to exploit information about what individuals do online. Companies routinely unlock sensitive data for business partners. As businesses enter into cloud computing, they will give custody of their data to service providers. These trends create the potential for unprecedented insight into people's behavior and open new ways to do business. But they also create challenging questions about privacy, questions for which the answers are unclear.

Milla says he recently worked to modify a request from a big-box retailer who wanted information about the people surveyed by his company on their behalf. "They were bewildered and frustrated that we wouldn't give it to them," says Milla. The retailer already collects plenty

PHOTO BY SHANNON MCINTYRE

Privacy of employees' personal information matters, says **Matt Kesner**, CTO with law firm Fenwick & West, when clients expect to use Facebook to research attorneys.

of data on its customers and didn't see what the problem was with a bit more. But Milla saw a breach of privacy, a contractual violation. If it leaked out that SSI shared personal data about its panelists, it could devastate its business.

Milla says the big-box retailer's attitude is endemic. Companies think the data they gather belongs to them. Not true, he says, but is he right?

The very question might strike CIOs as strange. Ten years ago, then-Sun Microsystems CEO Scott McNealy told us, "You have zero privacy anyway. Get over it." Since then, we collectively got in touch with our inner exhibitionist. People talk about their antidepressants on Facebook or post videos of themselves violating work policies on YouTube (two Domino's workers were fired for such a stunt). Teenagers are sending naked or semi-clad pictures of themselves over their cell phones.

CIOs may not decide what their companies do with customer data, but they will have to weigh in on—and support—whatever decisions business leaders make.

But people also ask for photos or videos to be removed from social networking sites, says Deirdre Mulligan, a lawyer and former law professor who is now assistant professor at the University of California at Berkeley School of Information. Individuals and communities have balked at the way Google Maps' Street View exposes location information. Meanwhile, a 2008 Harris Interactive poll found that 60 percent of Americans were uneasy about having Web content customized for them based on their usage patterns.

Maybe privacy isn't dead. In fact, says Michael Blum, a partner at Fenwick & West and chair of the firm's privacy and information security practice, privacy should trigger all sorts of alarms for CIOs who must protect trade secrets, prevent security breaches or clean up after incidents that lead to bad public relations, lawsuits and expensive records repairs. It won't be long, Blum says, before some company has to deal with employees harassing each other in public via Facebook.

Welcome to privacy 3.0.

Beacon of Trouble

Facebook and other social media sites are on the front line of the privacy wars. And because of their size—Facebook has more than 200 million users—what these sites do with user data will influence what consumers expect from other companies. The early lessons from Facebook show that consumers increasingly expect to control their data. Tens of thousands of Facebook users revolted against its Beacon application, a targeted advertising tool that broadcast what they were buying by posting "stories" about it on their status feeds. There were plenty of Facebook users who wanted to know what their friends were buying. But there were also plenty who didn't want that information public (one poor fellow bought a very nice ring as a surprise for his wife, who subsequently saw it on his Facebook page and asked him who it was for).

There is a lawsuit unfolding against Facebook and some of its major advertisers for the privacy breach. Separately, Viacom went after Google's logs as part of its billion-dollar lawsuit against the search giant's YouTube unit, earning Viacom lots of bad publicity even though it said it wanted the log data anonymized. After California's Proposition 8 failed, angry gay rights advocates mashed up Google Maps with a public donations database and revealed home addresses for people who contributed money to defeat it. Some of those people were targeted by activists, raising questions about whether small donations should be made public.

In the wake of its privacy faux pas with Beacon, Facebook has moved to asking its users their opinions on its privacy policies. It has also created more ways for its users to control who sees their data. To Fenwick's CTO, Matt Kesner, this creates an expectation about control over data that will ripple through the IT world.

You may disagree with Kesner that this is a problem, particularly if your company doesn't maintain sensitive information in its logs or doesn't run a social network. Alissa Cooper, chief computer scientist at the Center for Democracy and Technology, says that's misreading the tea leaves. "The more we have incidents like these, the more it's going to reveal that each of them isn't a one-off," she says.

One ongoing privacy controversy involves Webwise, a behavioral advertising technology from Phorm, a London-based startup. Webwise uses "deep packet inspection," which lets it see the content of Web traffic so that it may better track consumer Web behavior and create profiles that let it serve up more targeted ads (NebuAd is another company that uses similar technology). Phorm claims it uses technology to anonymize the data it gathers, helping protect individual privacy. Several British Internet service providers say they would use Webwise to serve up ads more effectively. But at least one antivirus firm has suggested that Phorm's profiling technology is akin to spyware.

Meanwhile, one of the British ISPs, BT, acknowledged piloting the program using actual consumer data, without asking for permission. That has landed BT in hot water. The European

MARKET PULSE

The CIO's Guide to a Successful Business Intelligence Strategy

The majority of respondents to a recent survey of CIOs who have implemented BI technology don't deem it overly successful. Why, and what can CIOs do to ensure success?

Today's companies, particularly large enterprises with global operations, have no problem collecting data. In fact, more data is being stored and shared by more users, in more formats, across more systems than ever before. The challenge is in consolidating multiple data sources and leveraging the data to gain perspective and insight so that business leaders can make smarter, better-informed decisions that move the business forward.

Many companies have implemented business intelligence (BI) technology to help them leverage their data to analyze trends, make accurate forecasts and anticipate problems. Among other things, CIOs expect BI to deliver business benefits including corporate performance management, data drilling, improved operational efficiency, data integration and real-time performance analysis.

BI technology has already been adopted in a significant way. According to new data by IDG Research Services:

- **65 percent of CIOs already have a BI solution in place**
- **6 percent plan to invest in BI within 3 months**
- **7 percent plan to invest within 3-6 months**

That's the good news. The bad news is that only 27 percent of respondents who use a BI solution report being extremely successful or very successful with their implementation.

Despite the promise to help companies drill down into their data to report on and analyze trends BI has, too often, not lived up to expectations. Why?

According to CIOs who have implemented BI, some of the most common reasons that BI fails include:

- **lack of adoption by users**
- **technology doesn't support a global view**
- **multiple data sources require manual translation (timely and costly)**

CIOs say one of the major pain points of BI is the challenge in getting their data into a format that is ready for implementation. It's not an overstatement to say that any BI effort is doomed without an ongoing, comprehensive data management strategy.

Think about it. As a company grows, it accumulates more and more data, generated by more and more users (both internal and external), in more and more formats. What you end up with are isolated pockets of data that may or may not be accurate, with no way to integrate the data across disparate systems.

Thirty-three percent of CIOs cited "consolidating data sources" as a major challenge. As part of any BI initiative companies should work with technology experts to establish an ETL (extract, transform and load) framework for structuring and formatting data. An enterprise ETL framework significantly reduces the time it takes to cleanse and transform the data and move it from one system to another.

Having a master version of data means that everyone has access to the same information at the same time. Decisions are collectively made based on the best information.

HOW TO GET THE BI PAYBACK

Some organizations leverage BI to gain perspective to make better financial forecasts. Others may want to understand and capitalize on profit-margin fluctuations. The payback on BI, when implemented correctly, is usually significant.

When all relevant stakeholders have access to the most consistent, accurate information, the best business decisions can be made. BI helps alleviate, if not eliminate, the time-consuming task of manually searching for and consolidating information.

For more details on the survey, visit **www.cio.com/whitepapers/EMC-BI** and download the white paper "How CIOs Can Reap the Benefits of BI Technology".

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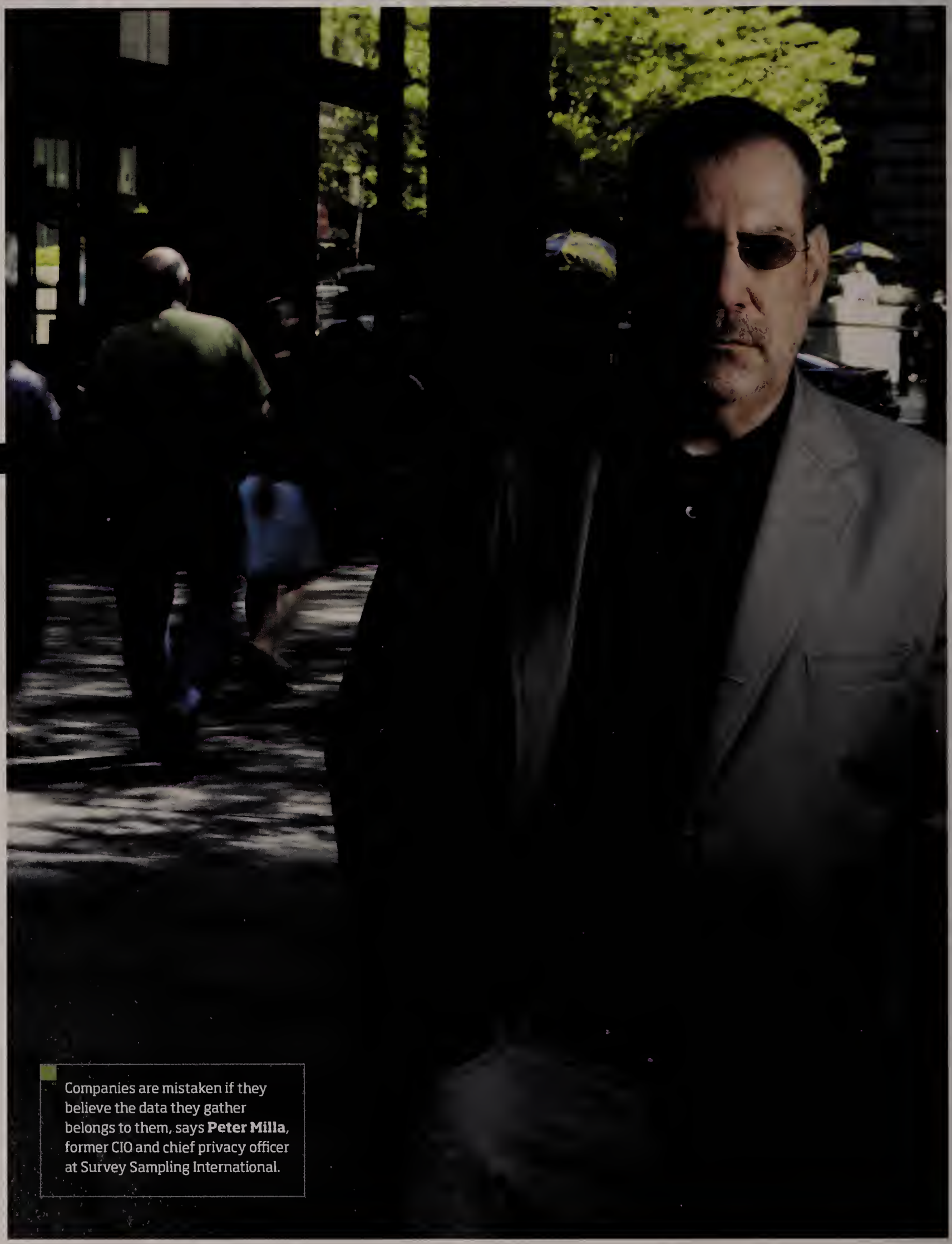

Companies are mistaken if they believe the data they gather belongs to them, says **Peter Milla**, former CIO and chief privacy officer at Survey Sampling International.

PHOTO BY STEVEN VOTE

Commission has initiated legal action against the United Kingdom over its refusal to stop companies like BT from using live customer data without permission. Meanwhile, Amazon and Wikimedia have said they will block Phorm from accessing traffic on their sites, and in late April, the U.S. Congress began holding hearings on deep-packet inspection.

Fenwick's Kesner thinks it's up to CIOs to help their companies understand what this Web 2.0 world means for data control. As a first step, he thinks more CIOs should establish a social media presence. It's essential, he believes, for IT leaders to understand how these tools work and how people use them.

CIOs, then, may not decide on their own what their companies do with customer data, but they will have to weigh in on—and support—whatever decisions business leaders make. That includes any technologies that companies deploy to mine customer information as well as protect it from unauthorized use.

Loss of Control

But it's not only your customers who want to control data about themselves. Social media is blurring employees' personal information with business information, which presents a challenge for corporate privacy policies. Companies can't ban employees from using Facebook and Twitter. In many cases, notes Kesner, even though these are technically not work-related sites, they are increasingly critical for engaging with clients and customers. Yet companies want to be able to control information about themselves.

Fenwick has found, for example, that potential clients expect to be able to check out its attorneys on Facebook rather than in traditional sources like the Martindale-Hubbell Law Directory. "If there are pictures of a CEO at a beer bash 20 years ago, it really does change things," says Kesner. "Our job as CIOs is to educate people about how what they're doing today can be searched across the world today or tomorrow."

Furthermore, CIOs face the specter of routine business records leaking out. "We've had whole mergers done via instant messaging," Kesner says. He worries that it's a short step from using corporate instant messaging tools to mistakenly sharing proprietary corporate data on a service like Twitter.

One solution to protecting corporate data may be to broadly adopt encryption technology for e-mail correspondence and other important business data. Encryption won't stop employees from "tweeting" inside information (as *New York Times* reporters recently did after a staff meeting concerning ideas for charging for online content). But it can give companies legal cover in case of a privacy breach, Kesner notes. Such controls may be much more important now that social media makes it possible to quickly spread information to large groups of people—information that potentially lives online forever.

"The 'privacy is dead' thing is just clearly wrong. Yes, different people have different attitudes about privacy. But the part they care about is control."

–Alex "Sandy" Pentland, MIT professor and cofounder of Sense Networks

Then there's cloud computing. While companies may save money and gain efficiency by shifting to cloud environments, they also lose physical control over their data. For example, says the CDT's Cooper, putting data in the cloud makes it much easier for the government to get access to it. "If I have my personal diary, they would need a search warrant to get it in my house," says Al Gidari, chair of the privacy and security practice at the Seattle law firm Perkins Coie. "If it's on Google Docs, they can get it with a subpoena."

Complicating this scenario, however, is a potential upside to the cloud. Kesner's colleague Blum says cloud computing could reduce corporate exposure for maintaining data privacy by shifting that responsibility to the vendors. "It can be a way for CIOs to offload risk," says Blum.

Alex "Sandy" Pentland, an MIT professor and cofounder of Sense Networks, which uses location data to find business trends, argues that in the future, most companies will not gather data directly from customers the way they do now. Instead, they'll access it from the cloud via aggregators who operate much in the way banks do, delivering data to companies only when authorized by individuals. Early examples of this model include Google Health and Microsoft Health—data banks operated by Google and Microsoft, respectively, through which patients can share only such healthcare data they are comfortable disclosing. They can also share different kinds of data with different healthcare professionals.

Much Ado About Nothing?

The contradictions, understandably, make some CIOs skeptical that privacy needs to be an overarching concern. "It's not a nightmare situation," says Gerard McCartney, vice president of information technology and CIO at Purdue University. Not that he ignores privacy—the university spends half a day during orientations discussing privacy and security issues with incoming students. But McCartney thinks most people can and do manage their own privacy fairly well through common sense.

But here again, there are multiple points of view. There are questions, for instance, about how far common sense goes in the online world. "There is a sense of anonymity for people when they sit in front of a computer screen that I don't fully understand," says Leon Goldman, chief compliance and privacy officer at Beth Israel Deaconess Medical Center. "They say things to a computer they wouldn't to a real person."

Gidari, with Perkins Coie, says our values about privacy may be changing: "I wonder whether we are 10 years behind in our views of privacy, and this next generation may not be much concerned about the things this generation is screaming about." He points to behavioral ad targeting, which the U.S. Federal Trade Commission and especially the European Union are attempting to regulate. It's "a joke to kids," who expect targeted advertising, he observes.

Jim M. Swartz, CIO at Sybase, says privacy worries aren't keeping him awake right now. He notes, however, that technology shifts can quickly rewrite the rules for CIOs. More mobile workforces, for instance, create challenges and situations "that we wouldn't even have thought about five or six years ago," he says. For instance, it's easier for people to download attachments on their handheld devices, making it much harder for companies to control where sensitive data goes.

Swartz also notes potential challenges emerging from the way individuals and organizations share information. It's easier than ever to pull together disparate bits of information, develop opinions about it and present those opinions publicly.

"Maybe you've lost three jobs, or filed for bankruptcy or have a DUI. Do the pieces of information available about you on the Web over a period of time tell a story you would rather not have told?" he muses. "It could be a concern. We won't know how big of a concern it is until there is a benchmark incident of some sort."

Pressure from Consumers

If such an incident occurs—a privacy breach that causes a public backlash against companies—what might happen?

Privacy experts believe that under the Obama administration, public pressure could push policymakers to take the side of consumers and demand more controls on companies. As a candidate, President Obama posted a position statement on his website that included a promise to strengthen consumer privacy protections. "That's what consumers are really worried about," says Milla, the former SSI CIO.

Milla fears that a major privacy incident could spark Congress to slap together an onerous regulation and race it through, a la Sarbanes-Oxley.

Remember ChoicePoint? The company collects and sells consumer data, and in late 2004, it had to reveal that it had sold such data to an identity-theft ring. One of the first big data breaches, the thefts sparked calls for a national identity theft law. ChoicePoint paid tens of millions of dollars in legal settlements and fines. Rep. Rick Boucher (D-Va.), chairman of the House Subcommittee on Communications, Networks and Consumer Privacy (who convened the April hearings on behavioral advertising), says he will introduce legislation in the fall that would strengthen privacy protection. But such legislation has gone nowhere in the past.

The Obama administration could go back to the privacy activism of the Clinton Administration's FTC, worries Jim Harper, director of information policy studies at the Cato Institute in Washington, D.C. Under Robert Pitofsky, the Clinton FTC pushed for a uniform regulatory regime for privacy. Harper thinks today's policymakers should take their cues from consumers, and especially from the dialogue between Google, Facebook and their users.

From a regulatory perspective, therefore, privacy and data control questions are by and large open. In fact, right now German courts are considering whether an IP address is personally identifiable information that needs to be protected. No matter what the court decides, Milla thinks companies will eventually find that consumers do think their IP address is akin to their Social Security number. That will at the least force many companies to rethink their marketing strategies.

Whether or not legal prescriptions for privacy change, the cultural shift toward consumer control of personal data seems to be gaining steam. At the World Economic Forum earlier this year, MIT's Pentland called for a "New Deal for Data." He wants companies to acknowledge the power of consumers by acknowledging:

- Consumers have the right to possess their own data.
- Consumers can control the use of that data.
- Consumers can dispose of or distribute that data as they choose.

He says a number of companies have expressed support for his principles, which he argues really aren't that different from the way financial institutions handle data already. Ultimately, companies need to decide whether the data they manage is their data or not.

"The 'privacy is dead' thing is just clearly wrong," says Pentland. "Yes, different people have different attitudes about privacy. But the part they care about is control. They're willing to put something up on Facebook but they want to control who sees it."

The ultimate privacy question for CIOs, then, is what it means for their companies to cede that control.

Michael Fitzgerald is a freelance writer based in Massachusetts.

Working It Out

Feeling over extended? Nixing your workout is tempting, but you need it now more than ever. **BY JOAN INDIANA RIGDON**

The stress of the recession has literally driven some executives to total exhaustion. And yet in times like these, it's more important than ever to exercise, says Dr. Suzanne Steinbaum, a cardiologist who is also director of Women and Heart Disease at the Heart and Vascular Institute of Lenox Hill Hospital in New York. "Exercise does release endorphins in the system and can really help" reduce stress, she says.

Too busy? "All of us are right now in this situation of not having enough time in the day," Dr. Steinbaum says. "But if we realize how much time we're putting into being nervous about that, we're not being as effective as we could be" if we took time out for exercise.

Chuck Sperazza, CIO and senior vice president of Herbalife, a nutrition and weight-management company based in Los Angeles, is serious about fitness. A triathlete, Sperazza won his age group in the 2002 Ironman competition in Hawaii, and is now trying to qualify for the ▸▸▸

ILLUSTRATION BY MARK MATCHO/THEISPOT

2009 event. But maintaining his exercise commitment means making sacrifices.

"Staying fit makes me more effective. I have more endurance, more energy and I'm more alert," Sperazza says. "If I want to continue to enjoy those benefits, I have to get up early" to exercise before work, he adds, because "once I get to the office, I never know what's going to happen."

Herbalife operates in 70 countries, which means Sperazza spends a lot of time on planes. But he still finds time to exercise, either by swimming in the hotel pool or running in a nearby park. If he can, he also likes to take a 30-minute run after checking in, which he says delays jet lag. "It jump-starts my aerobic system. I'm able to go for six or seven hours after that," Sperazza says.

Of course, your own exercise regime doesn't need to mean training to be an Ironman. Even CIOs who haven't exercised for years can reduce their stress by following these simple tips.

1 **Breathe.** You don't even have to get up to do it. "One of the most effective breathing exercises is inhaling to the count of six and exhaling to the count of four, and doing that three times," Dr. Steinbaum says. "It really helps in decreasing your blood pressure and heart rate." How often? "If you're feeling anxious, just do it," she says.

2 **Shake a leg.** Take the stairs instead of the elevator or park a little farther away from your destination. Even an extra five-minute walk can make a huge difference, Dr. Steinbaum says.

3 **Sleep.** "The most perfect amount of sleep is 7.5 hours per night. I don't know how realistic that is for everyone," Dr. Steinbaum says. If you're getting less than that, "you really need to incorporate some kind of stress management into your day," like those breathing exercises.

4 **Think twice before coffee.** "When you're about to nod off, walk down the stairs and back up. The extra circulation is going to give you more benefits than a cup of coffee," says Dennys Passeto, owner of Achieve Fitness, a personal training company based in Germantown, Md.

5 **Get your heart rate up—safely.** If you're not used to exercise, check with your physician first. If you're good to go, find your target heart rate by subtracting your age from 220 and multiplying the result by 87 percent. Ideally, you would hit that heart rate for 150 minutes a week, by exercising half an hour a day, five days a week, Dr. Steinbaum says. But the 30 minutes doesn't have to happen all at once, she adds. "You can do it in 10-minute increments."

Joan Indiana Rigdon is a freelance writer based in Maryland.

PHOTO BY ISTOCKPHOTO.COM

Help!

I will soon be leading a video conference. What can I do to ensure that the experience goes smoothly?

COACH: PETER HANDAL
PRESIDENT, CHAIRMAN AND CEO
OF DALE CARNEGIE TRAINING

Always: Be prepared. It may sound obvious, but doing your homework is absolutely essential before you step in front of the cameras. Unlike an audio conference call, participants in a video conference don't have the option to hide by hitting "mute" and only chiming into the discussion when it is necessary. In addition, people have shown to be even more self-conscious and self-aware of their behavior when participating in video conferences as opposed to face-to-face meetings.

It behooves everyone involved to come to the "virtual" table looking professional, alert and 100 percent prepared with notes and potential talking points.

Sometimes: Employ a colleague to stay off of the camera and take notes. Because participants in a video conference are visible, they need to stay more focused and engaged than if they were on an audio conference call, during which it's common for participants to multitask.

If the video conference isn't recorded, it is often helpful to have a colleague sit in for the sole purpose of documenting the meeting.

Never: Rely upon video conferences for those important meetings for which only in-person contact and interaction will do.

While video conferencing is a tremendous step forward in modern technology and a great tool for staying in contact with overseas clients and colleagues, the inherent loss of eye contact can be a major detriment to a conversation and it can impede even the most compelling ideas from being relayed.

Additionally, never coordinate a video conference without first testing the equipment, as all machines are subject to errors. It is extremely frustrating (and not to mention unprofessional) if a planned conference is postponed due to an unforeseen technological hiccup.

Rehearsing Success

All good performers share this habit: practice

BY MARYFRAN JOHNSON

Rock stars do it before striding on stage. Actors do it before gazing into the camera. Even nervous 10-year-olds do it before arriving at their piano recitals. (Of course, their mothers make them.)

What these performers all have in common is rehearsal. They practice. They polish their delivery. If there is any single premise that professional speech coaches everywhere hold universally dear, it's that practice matters—and preferably it's done out loud, in front of other human beings.

"A truly effective presentation is practically impossible without this magic ingredient," writes Jerry Weissman in *Presenting to Win: The Art of Telling Your Story*. Just talking about your presentation instead of practicing it out loud is no more effective, he argues, "than talking about tennis would be a good method of improving your backhand."

Yet despite the professional chorus in favor of rehearsing out loud, when I asked some very fine speakers I know about their personal practice methods, a variety of approaches stepped out of the wings.

For Andre Mendes, global CIO of Special Olympics International and a recent keynoter at our *CIO* Leadership Event in Florida, rehearsing out loud would unnerve him rather than reassure him. "I would be worried about repeating myself and losing the flow," he explains. "I am totally extemporaneous and always have been, even back to standing in front of my class when I was seven years old."

His rehearsal method is more like preparing a dissertation. He develops his big themes, gathers related materials, considers his audience makeup and ultimately maps everything into PowerPoint slides outlining the entire story. "I time the slides to move exactly at my pace, so I rehearse the mechanics and make sure those are right."

Another excellent speaker is CIO Tom Murphy of AmerisourceBergen, whose approach is the opposite of Andre's—largely unscripted and PowerPoint-free.

If there is any single premise professional speech coaches hold universally dear, it's that practice matters–preferably done out loud, in front of other human beings.

Murphy's practice method is to work out a rough outline of the big points he wants to make and think through the transitions. "For a long time, I thought I did my best work when completely unscripted," he notes. "But I found I'm better when I do practice."

Taking the classic approach to rehearsing out loud is *CIO* magazine's "Career Strategist" columnist and a popular speaker at our events, Martha Heller. "Of course, you do have to love the sound of your voice," she jokes. Heller not only rehearses her presentations as though a live audience was listening in, but paces the room like a stage. As a former editor, she can't help but tinker with her slides to fine-tune various points, but she doesn't count editing as real rehearsal time.

"When you are live, the time will go faster than when you rehearse," she cautions. "You talk faster up on stage, so it's good to build in a few pockets for extemporaneous stories."

She never rehearses her opening remarks, however. "I pay attention during the conference and watch for things I can use to develop a humorous opening statement," she says. "Getting a laugh from the audience makes me feel like we're in this together."

Maryfran Johnson is editor in chief of *CIO* magazine and events. Contact her at *mfjohnson@cio.com*.

Quick Fix ■■■ Smartphone-Free Zone: Don't let your BlackBerry come between you and your spouse—check your mobile device at the bedroom door and sneak in some quality conversation instead. According to a survey of 329 London workers, 28 percent said they bring laptops and smartphones to bed in hopes of cramming in extra work. Not surprisingly, their partners found the habit "very annoying."

BOTTOM PHOTO BY ISTOCKPHOTO.COM; TOP PHOTO BY TIM LLEWELLYN

...Handle Negative Online Comments

BY KRISTIN BURNHAM

Everyone has seen it: a seething comment following an article on a popular website or a passive-aggressive tweet bashing a company. While it's tempting to respond with your own two cents in the heat of the moment, resist doing so, says Evan Carmichael, founder of EvanCarmichael.com, an information resource for businesses that covers such topics as reputation management, entrepreneurial advice and business strategy. "Start by understanding that no matter how hard you might try, you can't fully monitor or control these comments," he says. "But you can join in them." Here are three pieces of advice to follow when responding to a negative comment.

1] MAKE IT PERSONAL. First, understand that most comments are written impulsively and tend to be emotionally driven, advises Carmichael. "In the case of online forums or Twitter, many commenters never expect someone from the company to reply to what they've written." Begin by crafting your response in a friendly tone, and always start by thanking them for their feedback. "What this does is it disarms them," he says.

2] APOLOGIZE. Even if you're not at fault for what the commenter is complaining about, take responsibility for it. "You want to act like a customer service representative for your business," Carmichael says. "Tell them that you're sorry that X happened and that they feel the way they do. Explain to them that you can understand why it might make them feel that way." Try not to be "too corporate," Carmichael warns; avoid typical company jargon.

3] PLAN A COURSE OF ACTION. Ask the commenter for specifics about the situation and how and why that made him unhappy; provide yourself as their resource. Then devise an appropriate plan to solve the problem. "Tell them that you're going to do X, Y and Z to make things better," Carmichael says. "This will show them that you're genuinely interested in their well-being and that you care about [their problem]."

...hold a **concise** meeting

Start by determining the meeting's objective and whether it can be fulfilled via an alternative method: a memo, one-on-one conversation, phone call or e-mail, says Matthew Cornell, a productivity expert and former NASA engineer. Next, decide which participants are essential; try keeping the list to between five and eight people. Create an agenda with specific items to accomplish, then designate an official timekeeper to ensure that the agenda is adhered to and the meeting stays on-task, says Cornell. Be sure to leave time at the end of the meeting to wrap up, create a plan of action, review decisions and set deadlines. Follow-up after the meeting with a document of meeting minutes so those in attendance can review the decisions that were made.

...decline an after-work invite

While it's smart to take time outside of the office to cultivate relationships with coworkers, don't feel that it's necessary to attend every social function you're invited to, says Melissa Leonard, a certified business etiquette consultant. When you decline an invite, keep your response short and sweet but tell the truth. "Sincerely thank them for the invitation and let them know you're not free," she recommends. "If someone asks why, simply say that you have things to take care of at home or that you have a prior engagement." Do try to attend one or two social gatherings, such as drinks after work. Invites that you generally should accept include: holiday parties, farewell dinners and events held by senior management.

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PHOTO BY PAOLO SANTONÉ

The Price of Rice

Maybe your last text message was from your teenager asking to borrow the car. But farmers in India use SMS (short message service) to get market data about rice and other crops that is typically unavailable outside of large cities. Farmers who sign up for Reuters Market Light (RML), a service of Thomson Reuters, get commodity updates, including data from three markets of their choice. Local news and market prices are collected by content professionals, says Amit Mehra, RML's managing director. Farmers also get daily weather updates to help them plan for changing conditions.

Since 2007, more than 100,000 farmers have used RML to make better decisions, says Mehra, "which have repeatedly resulted in increasing income, reducing losses and thereby enhancing livelihood." With weekly savings as high as $8,000 for some farmers, Mehra plans to expand RML to other emerging markets.

–Simone Levien

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every day searching for information,
over half of which has no value to them.
A smarter planet needs smarter IT.
Let's build a smarter planet.
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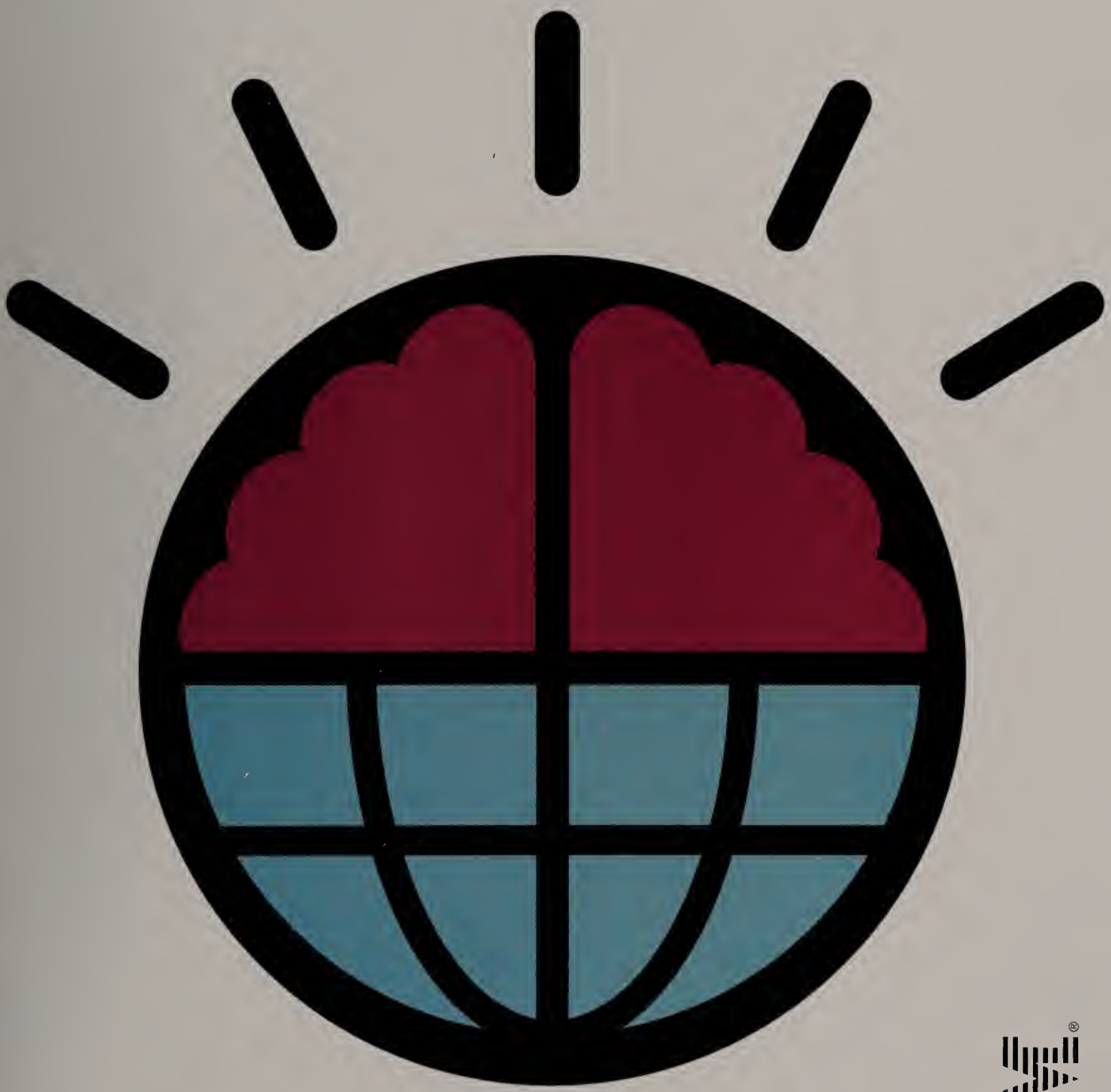

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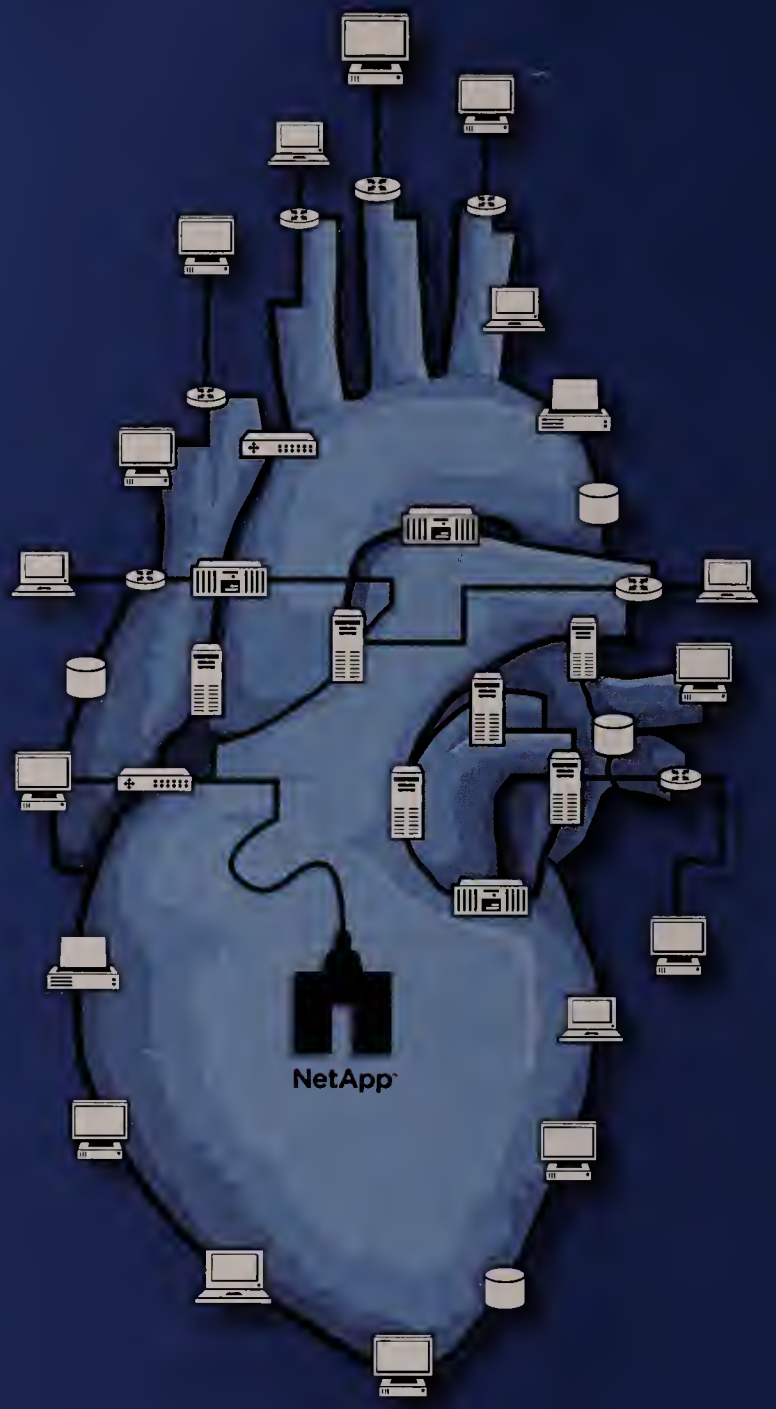

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